



ANTHONY A. WILLIAMS  
MAYOR

February 6, 2006

The Honorable Linda W. Cropp  
Chairman  
Council of the District of Columbia  
John A. Wilson Building  
1350 Pennsylvania Ave., N.W., Suite 504  
Washington, DC 20004

Dear Chairman Cropp:

Enclosed for the Council's consideration and approval is the "Health Services Planning Re-establishment Act of 1996 Amendment Act of 2006". I am submitting this legislation along with five other pieces of related legislation to ensure completion of the National Capital Medical Center ("NCMC") project.

This new hospital is essential to creating a comprehensive, high-quality healthcare delivery system in the District of Columbia. It will improve the distribution of medical services across the city. In particular, it will expand access to emergency, trauma, inpatient, specialty, and diagnostic care for our poorest and sickest residents on the Eastern side of the District, who are currently medically underserved. Additionally, new NCMC emergency room capacity will take pressure off hospital ERs around the city, improving the District's emergency response capability. The NCMC will also ensure that the District's level one trauma facilities are not clustered in the same part of the city, which could be problematic in the event of a major disaster.

The Council initially directed me to pursue a new hospital with Howard University through emergency legislation in November 2003. Subsequently in May of 2004, the Council unanimously approved a Memorandum of Understanding between the District and Howard. In January 2006, President Patrick Swygert and I signed the Exclusive Rights Agreement (ERA) for the construction of the NCMC.

The Health Services Planning and Development Amendment Act would exempt the National Capital Medical Center from the certificate of need (CON) process, provided that there is no net increase in the number of licensed beds in the District as a result of developing the new hospital. The legislation would also exempt community health centers funded through a grant from the Medical Homes program from the CON process.

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I am requesting that the NCMC project be exempted from CON because I am concerned that the lengthy process, which includes three layers of appeals, could significantly delay the project, increasing costs and slowing the implementation of needed medical services. I am aware of a number of CON cases that have languished in the appeals process for three to six years. This kind of delay is inevitable in the case of the NCMC, since certain interest groups who are opposed will undoubtedly invoke all layers of appeals. In addition, the NCMC project does not plan to add any new licensed beds in the District of Columbia. It merely moves services from Howard University Hospital, located in a neighborhood flush with hospital beds, to the National Capital Medical Center, which will be located in a medically underserved area of the city.

Finally, I would like to note that the District has twice before exempted major hospital projects from CON. In addition, since the federal government abolished its CON requirements in 1986, declaring CON to be ineffective at controlling healthcare costs, 24 states have completely eliminated their CON laws for acute care hospitals.

I do, however, believe that the NCMC project should be thoroughly evaluated for need and feasibility by a reputable third party. The stringent review to be completed by the Federal Housing Administration as part of Howard's application for financing will provide a credible outside analysis in a much timelier manner than the CON process. The NCMC project will not proceed without the approval of the FHA.

The rationale for exempting Medical Homes projects is similar. In order to receive financing, Medical Homes Community Health Center projects must undergo significant market and financial feasibility studies by outside parties. There is no need for the Department of Health to repeat this process and delay the construction of needed primary care services.

In addition to this CON exemption legislation, I am introducing five other related pieces of legislation that will allow the District to complete the NCMC project with Howard: an exclusive rights agreement, a grant agreement, a lease agreement, an amendment to the Tobacco Settlement Trust Fund Establishment Act, and a resolution to authorize the issuance of new Tobacco Settlement Trust Fund bonds. The last two bills will authorize the Office of the Chief Financial Officer to issue additional Tobacco Settlement Trust Fund bonds. The proceeds of this bond transaction are projected to total \$200 million to \$230 million, of which \$212,168,000 is intended to fund the NCMC.

The six related pieces of legislation should be viewed by the Council as a package. They must all be approved in order to move forward with the National Capital Medical Center Project. I hope the Council will work with me to advance this hospital project, which is so important to the health and welfare of District residents.

Letter to Honorable Linda W. Cropp  
Chairman  
Council of the District of Columbia  
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I look forward to Council action on the CON exemption legislation and the other related pieces of legislation this spring.

Sincerely,

A handwritten signature in black ink that reads "Anthony A. Williams". The signature is written in a cursive, flowing style.

Anthony A. Williams

AAW/rls

Enclosure

Chairman Linda W. Cropp  
at the request of the Mayor

A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

Chairman Linda W. Cropp, at the request of the Mayor, introduced the following bill,  
which was referred to the Committee on \_\_\_\_\_.

To amend the Health Services Planning Program Re-establishment Act of 1996 to exempt  
the National Capitol Medical Center, Howard University Hospital, and  
Community Health Centers funded through a Medical Homes Capital Grant from  
the certificate of need process.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA,

That this act may be cited as the "Health Services Planning Program Re-establishment  
Act of 1996 Amendment Act of 2006".

Sec. 2. Section 8 of the Health Services Planning Program Re-establishment Act  
of 1996, effective April 9, 1997 (D.C. Law 11-191; D.C. Official Code § 44-407), is  
amended as follows:

New subparagraphs (h) and (i) are added to read as follows:

“(h) A proposal to develop the new institutional health service known as the National  
Capital Medical Center to be located on Reservation No. 13, Washington, D.C. 20003, to  
reconfigure existing health care programs and services at Howard University Hospital  
located at 2041 Georgia Avenue, N.W., Washington, D.C. 20060 in connection with the  
National Capital Medical Center, to authorize the relocation of existing health care

1 programs and services from Howard University Hospital located 2041 Georgia Avenue,  
2 N.W., Washington, D.C. 20060 to the National Capital Medical Center, and to make any  
3 associated capital expenditures that would otherwise be subject to certificate of need  
4 requirements by a health care entity shall be exempt from certificate of need requirements  
5 as long as both of the following conditions are satisfied:

6 “(1) The sum of the number of licensed beds for Howard University Hospital  
7 and the National Capitol Medical Center shall not exceed a total of four hundred eighty-  
8 two (482) licensed beds as the term “licensed beds” is defined for purposes of the Health-  
9 Care and Community Residence Facility, Hospice and Home Care Licensing Act of 1983,  
10 effective February 24, 1984 (D.C. Law 5-48; D.C. Official Code § 44-501 *et seq.*), as  
11 amended; and,

12 “(2) Such proposal is received not later than five (5) years after the day that the  
13 health care entity obtains a certificate of licensure, pursuant to the Health-Care and  
14 Community Residence Facility, Hospice and Home Care Licensing Act of 1983, effective  
15 February 24, 1984 (D.C. Law 5-48; D.C. Official Code § 44-501 *et seq.*), as amended, to  
16 operate the National Capital Medical Center.

17 “(i) A proposal to develop or construct a community health center funded  
18 through a capital grant from the Medical Homes Program, to authorize the relocation of  
19 existing health care services from any existing community health center, or to make any  
20 associated capital expenditure that would otherwise be subject to certificate of need  
21 requirements shall be exempt from certificate of need requirements if the person  
22 proposing the community health center provides SHPDA with a letter from a District

1 government official evidencing the award of capital funding from the Medical Homes  
2 Program for the development or construction of the community health center.”.

3           Sec. 3. Fiscal impact statement.

4           The Council adopts the fiscal impact statement of the Chief Financial Officer as  
5 the fiscal impact statement required by section 602(c)(3) of the District of Columbia  
6 Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-  
7 206(c)(3)).

8           Sec. 4. Effective date.

9           This act shall take effect following approval by the Mayor (or in the event of veto  
10 by the Mayor, action by the Council to override the veto), a 30-day period of  
11 Congressional review as provided in section 602(c)(1) of the District of Columbia Home  
12 Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206(c)(1))  
13 and publication in the District of Columbia Register.